



HB 298 - Landlord and Tenant - Eviction Actions - Filing Surcharge and Prohibited Lease Provisions
Judiciary Committee
February 16, 2022
SUPPORT

Chair Clippinger, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 298. This bill would increase the filing fee surcharge on eviction actions from \$8 to \$73 and prohibit the court and the landlord from passing on this increase to the tenant.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Prior to the pandemic, landlords filed 660,000 eviction complaints each year in a State with only 730,000 renter households – the highest eviction filing rate in the nation. The General Assembly took an important step to address this in 2021 by providing tenants with access to counsel when funded while also requiring landlords to send a 10-day notice prior to filing an eviction case. Raising the filing fee – without passing it onto the tenant – would further disincentivize landlords from serial filing. We support HB 298, but we would oppose the bill if it is amended to allow a fee pass-through to tenants:

1. **Passing the fee onto tenants would more than double the total amount that tenants must pay to “pay and stay” and avoid eviction and homelessness.** To “pay and stay” from a rent court judgment, the tenant must pay all court costs. If the bill is amended to allow a pass through, this means more than doubling the total amount a resident must pay to redeem (\$60 to \$125 or \$80 to \$145 in Balt. City). *Some families will be unable to pay the fee – especially very low income, subsidized tenants whose rent is often only \$100/month – and will be evicted because of the increased fee.*
2. **“Judicial discretion” for passing on the fee is what happens now. Tenants almost always lose because most cases end in default judgments for the landlord plus costs.** Over 90% of rent cases that are not dismissed end in a “default judgment” against the tenant. The Court checks a box on the form: “Judgment in favor of Landlord for possession of the premises and costs.” This is the current exercise of “discretion,” and the tenant almost always loses. Even if the case doesn't go to trial, the landlord assesses the costs against the tenant via their lease provisions – even if the case is dismissed. The tenant virtually always loses. Even if eviction filings are reduced by 25% and 32,000 tenants receive counsel in eviction cases, that leaves appx. 460,000 eviction filings, the vast majority of which will include a \$65 increased fee that very vulnerable households will have to pay to avoid eviction.
3. **Allowing a fee pass-through defeats the purpose of the bill, which is to disincentivize serial eviction filing.** If the landlord can recover the increased surcharge, it will have little effect on landlord eviction filing.
4. **Tenants still have an incentive to pay the rent in a timely fashion because landlords can still assess a 5% late fee and court filing fee – just not this increased surcharge.**

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5. **If a landlord truly wants to evict a tenant who is chronically late, then after three judgments the landlord can foreclose on the right to redeem (i.e., no “pay and stay”).** There is no need for the landlord to continue seeking judgments and passing on the increased surcharge.
6. **When fully funded, Access to Counsel will assist annually approximately 32,000 tenants who have a defense. It does not solve Maryland’s significant affordability gap: [There are 193,819 extremely low-income \(\\$31,600/year for family of four\) renter households in Maryland. 74% of those households are severely cost-burdened, i.e.,](#) paying more than 50% of their income in rent. These households are one paycheck or unexpected expense away from facing an eviction.**

Even an amendment that would allow landlords to pass through the fee to tenants only after the 3rd failure-to-pay-rent filing in a year would still fall disproportionately on the renters who are least able to pay the increased fee because they are often on the brink of eviction. In the experience of our organization, landlords file against the same tenant repeatedly within the year because the purpose of the eviction filing is not eviction *per se* but rather debt collection.¹ For example, if there is a dispute between the landlord and tenant over \$500 in rent or other fees, the tenant may pay the \$1,000 monthly rent timely, but the landlord may still file an eviction complaint for multiple successive months because there remains a \$500 back balance to which the landlord allocates first the tenant’s payment each month, charging a late fee in each of those months as well. Even with a prohibition on pass-through of this surcharge, tenants still have ample incentive to pay the rent timely to avoid late fees and the current court costs that landlord pass through pursuant to statute. This additional proposed surcharge should instead serve as an incentive for the landlord to attempt to work with the tenant, accept a payment plan, and connect the tenant to social services if needed, instead of skipping straight to an eviction filing each month.

For these reasons, we encourage a favorable report on HB 298.

¹“The execution of an eviction is a double-edged sword for landlords, who must balance the costs of unit turnover with those of allowing a tenant to remain in rent arrears. But this is not the case for filing. Filing costs a modest fee, and initiates a legal process that leverages the power of the state both symbolically and physically to encourage the tenant to pay her late rent. Moreover, the process of repeated (“serial”) filing for eviction and charging late fees, even on tenants who are expected to eventually pay their rent, is used by some landlords as an additional revenue source.” Drs. Philip ME Garboden and Eva Rosen, *Serial Filing: How Landlords Use the Threat of Eviction*, City and Community: A Journal of the Community and Urban Sociology Section of the American Sociological Association, Vol. 18, No. 2, June 2019, at 11-12 (emphasis original) (internal citations omitted).